

AGREEMENT

This Agreement, having an Effective Date of September 12, 2003, is by and between RIGHT OF WAY MAINTENANCE COMPANY doing business as Rowmec, a corporation organized under the laws of the state of Texas and having a primary place of business at Conroe, Texas (Rowmec herein), and GYRO-TRAC, INC., a corporation organized under the laws of Canada and GYRO-TRAC (USA), INC., a corporation organized under the laws of the state of South Carolina, and having a place of business in the United States at Ravenel, South Carolina (collectively Gyro-Trac herein), sometimes referred to as a Party or the Parties.

WHEREAS, the Parties are desirous of entering into a joint long term agreement wherein Rowmec will sell Gyro-Trac equipment to Rowmec customers and wherein Gyro-Trac may sell and service Rowmec equipment or equipment approved by Rowmec to Gyro-Trac customers;

WHEREAS, the Parties are further desirous of resolving any differences between them which may be set forth in the various matters of pending litigation, without any admission of liability or fault of any kind whatsoever;

WHEREAS, Gyro-Trac is desirous of assisting Rowmec with assistance as set forth in this Agreement; and

WHEREAS, Rowmec is desirous of providing Gyro-Trac with access to any know-how, intellectual property or other business information Rowmec may possess which Gyro-Trac may require to operate under this Agreement.

The Parties, acknowledging good and sufficient consideration, agree as follows:

1. Appointment as Dealer. Gyro-Trac appoints Rowmec as an exclusive dealer in the Territory defined as the states of Texas, Louisiana, Oklahoma, Arkansas and New Mexico for tractors and related equipment used in connection with cutter head products (Gyro-Trac Products).
2. Rowmec Rights and Obligations. Rowmec will sell Gyro-Trac Products, including but not limited to, continuous track tractors to Rowmec customers in the Territory, subject to the provisions of Paragraph 10. Rowmec will not sell any tractors that compete with tractors made by Gyro-Trac. It is understood by the Parties that for certain applications, or because of the preference of certain customers, rubber tire tractors are preferred over the continuous track tractors. Rubber tire tractors are deemed to not compete with continuous track tractors, providing that Gyro-Trac does not manufacture a suitable rubber tire tractors. Other than the restrictions in this paragraph 2, there are no other restrictions on Rowmec regarding the sale of any products.



3. Sales Outside Exclusive Territory.

- a. Rowmec may sell Gyro-Trac products outside the Territory, but only until such time as Gyro-Trac appoints an exclusive dealer or distributor for a territory anywhere outside the Territory, or Gyro-Trac establishes their own dealership in any such territory outside the Territory.
- b. For sales outside of the Rowmec's exclusive Territory, Gyro-Trac will have the first option to complete the sale. If Gyro-Trac does not accept this option, then Rowmec may complete the sale in the non-exclusive territory.
- c. Any sales made under Paragraph 3(b) for which Gyro-Trac opts to complete the sale will also count towards Rowmec's sales quota under Paragraph 5 below and, in addition to the provisions of Paragraph 5, Rowmec will be paid an additional finder's fee of 5% of the gross sales price at which Gyro-Trac completes the sale. The purpose of this subparagraph is to compensate Rowmec for providing sales leads to Gyro-Trac. The commission specified in Paragraph 5 shall not apply unless such sale includes a Cutter Head or Cutter Teeth Product.

4. Gyro-Trac Right to Use Rowmec Technology. Rowmec hereby grants to Gyro-Trac the right to make, use and sell cutter heads and cutter teeth in accordance with the designs developed by Rowmec (Cutter Head and Cutter Teeth Products, herein), anywhere in the world without restriction. Gyro-Trac may copy, modify or redesign any Cutter Head or Cutter Teeth Product, and further grants to Gyro-Trac a license to use any Intellectual Property required for the full use and enjoyment of the rights granted herein.

5. Commission Payments by Gyro-Trac. Gyro-Trac shall pay a commission to Rowmec for any Cutter Head and Cutter Teeth Products sold by it and not manufactured by Rowmec, including but not limited to sales of TOMA-AX 500, TOMA-AX 700, and Cutter Teeth by Gyro-Trac in the United States or its territories. For purposes of calculating the commission, any cutter head with the capacity of the TOMA-AX 700 or above shall be classified as a Large Cutter Head (LCH) and anything with less than the capacity of the TOMA-AX 700 shall be classified as a Small Cutter Head (SCH):

- a. The commissions shall be based on the following schedule:

Annual Minimum Tractor Sales by Rowmec	First 18 Months	Thereafter		
	1 Unit	0-3 Units	4-14 Units	15+ Units
LCH	\$2500	\$1000	\$2500	\$4000

3C11	\$1200	\$200	\$750	\$1500
Tooth	\$2.50	\$1.00	\$2.00	\$2.50

- b. The commission shall be paid for a period of seven (7) years from the Effective Date of this Agreement or until a cumulative commission of \$5,000,000.00 is paid, whichever occurs first.
 - c. Beginning in the 19th month, commission payments by Gyro-Trac to Rowmec shall drop to the lowest commission payment level and stay there until next commission level is reached due to Rowmec tractor sales (e.g., 4 units or 15 units). Once this next commission level is reached, Gyro-Trac will continue to pay commissions at the triggered commission rate. Within 6 months or by year-end (whichever is earlier), Gyro-Trac will pay the difference on any previously paid commissions.
 - d. Commission payments will be made on sales collected by Gyro-Trac and will be made quarterly within fifteen days of the close of the quarter. Initial payments by Gyro-Trac will be adjusted to coincide with Gyro-Trac's business quarters.
 - e. No commission shall be due on sales by Gyro-Trac for the following: (1) any sales to the State of Florida or to the State of South Carolina; or (2) any sales made for delivery and use outside the United States or its territories. Other than specified in this subparagraph (e), Gyro-Trac will pay commissions on all other sales made after the effective date of this Agreement to any other federal, state, local, or municipal governmental agency or unit in the United States or its territories.
 - f. In the event Rowmec does not meet the minimum of three tractor sales per year, the exclusive Territory shall become permanently non-exclusive.
6. Marketing and Sales Support. Gyro-Trac will supply trucks, marketing materials, and promotional materials comprising one truck, one trailer, and printed marketing materials generally available. In addition, Gyro-Trac agrees to sell to Rowmec at least one GT-18 tractor with a Gyro-Trac cutter head complete unit on consignment. When available, Gyro-Trac also agrees to sell Rowmec one GT-10 tractor with a Gyro-Trac cutter head on consignment with appropriate security to protect gyro-Trac's interest in the tractor. The purpose of this provision is to ensure that Rowmec has at least one of each complete unit made by Gyro-Trac for sale on consignment at all times. Any additional units that Rowmec may choose to purchase to have in inventory will be purchased pursuant to the provision of Paragraph 11, below. It shall be the responsibility of Rowmec to maintain at its own expense any equipment supplied to Rowmec by Gyro-Trac for marketing and sales support. Rowmec is responsible for and will provide proof of current insurance covering all equipment, products and units in which Gyro-Trac has a security interest.

7. Initial Start-up Payment. Gyro-Trac will pay Rowmec \$300,000 as an up-front payment. This payment counts toward the cap of \$5,000,000.00. This payment will be made to trust account of Bendas & Laws, P.C. within two business days from the execution of this Agreement, to be held in trust until all agreements are signed and the case is dismissed. Rowmec acknowledges and confirms that this payment is for the use of Rowmec in the operation of its general business, including payment of any attorney fees that Rowmec may have incurred, and that no lien has been placed on this payment.
8. Rowmec Right to Audit Commission Payments. Rowmec may audit Gyro-Trac books on its US sales of products that are the subject of this Agreement once each year by an independent accountant at Rowmec's expense with five-business days notice. Gyro-Trac will provide Rowmec unaudited sales data for products covered by this agreement on a monthly basis.
9. Product Support. Each Party shall be responsible for products it sells. However, Gyro-Trac shall be responsible for standard manufacturer's warranty on products Gyro-Trac manufactures and Rowmec shall be responsible for standard manufacturer's warranty of products Rowmec manufactures, regardless of which Party sells the product.
10. Standard Terms and Conditions Apply. Except as set out in Paragraph 6 above, sales of any products by Gyro-Trac to Rowmec will be based on Gyro-Trac the standard terms and conditions then in effect, unless otherwise agreed by the parties. Sales of any products by Rowmec to Gyro-Trac will be based on Rowmec standard terms and conditions then in effect, a current copy of which is attached as Exhibit B, unless otherwise agreed by the parties. For new GT-18 tractors, Gyro-Trac will sell that model to Rowmec for \$135,000.00 (without Cutter Head and Cutter Teeth Products), adjusted for inflation by the same amount as any increase or decrease in Gyro-Trac's standard list price on the anniversary date of this Agreement. This price does not include shipping and applicable taxes. For used or demo units, Gyro-Trac may sell any such unit to Rowmec at whatever price the parties may agree to on a unit by unit basis. All products other than tractors offered by Gyro-Trac shall be available to Rowmec at Gyro-Trac's lowest available wholesale price, less an additional ten percent (10%).
11. Maximum Commission Limits. In the event that any products made or sold by Gyro-Trac that utilize the Rowmec technology and intellectual property are held to infringe the intellectual property of a third party by a US court of competent jurisdiction, the Parties agree that from the date of such a judgment the commission paid to Rowmec shall be reduced by amount of any commission or royalty payable to the third party. In no event shall the commission paid to Rowmec be less than zero. In the event Gyro-Trac is served with a complaint alleging infringement of any third party intellectual property, Gyro-Trac may pay all commissions due to Rowmec into



a trust for distribution in accordance with this paragraph on resolution of such matter.

12. Currency. All dollar amounts in this Agreement and any exhibits hereto are based on US dollars.
13. General Release. The Parties shall enter into a complete, full, final, and general release, which will constitute a compromise and settlement of all claims and controversies, known and unknown, between the parties, as of the effective date of this Agreement.
14. Specific Release. Except for the rights and obligations created by this Agreement, each party fully releases and forever discharges the other, together with their respective agents, shareholders, directors, officers, employees, attorneys, and insurers, from any and all liability in all matters, claims, causes of action, and demands whether based in contract, tort, equity, or otherwise, which have been or could have been asserted from the beginning of time until the execution date of this Agreement.
15. Dismissal of Litigation. Immediately following the execution of this Agreement, the parties (acting through their attorneys) shall take all steps necessary to have any outstanding lawsuits between the parties dismissed, with prejudice.
16. Allocation of Costs and Expenses. Each party shall bear its own costs and expenses of litigation it has incurred in this suit.
17. Assignability. This Agreement shall inure to the benefit of, and shall be binding on, the parties and their respective successors.
18. Applicable Laws; Severability. This Agreement is enforceable under the laws of the State of Texas, USA. If any portion of this Agreement is found to be unenforceable for any reason such, the remainder of the Agreement shall remain in force as if such portion did not exist.

(REMAINDER OF PAGE IS BLANK)

WHEREFORE, the Parties acknowledge and agree to the terms and conditions set forth herein by their respective signatures which follow:

ROWMEC
Right of Way Maintenance Company

By JO PODANY
JOHN P. ODANO

Printed Name

Its: V.P.

Date: 11 06 03

GYRO-TRAC, INC.

By [Signature]

Printed Name:

DANIEL GAUCREAU

Its: _____

Date: NOVEMBER 5-2003

GYRO-TRAC (USA), INC.

By [Signature]

Printed Name:

DANIEL GAUCREAU

Its: _____

Date: NOVEMBER 5. 2003

ROWMEC Release and Settlement Agreement
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Monday, March 21, 2005.max

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"Unit," for purposes of this Agreement, shall mean a tractor, whether or not sold with other components, including but not limited to the GT-18, GT-10, or any other tractor developed in the future by Gyro-Trac.

